

FISCAL NOTE

SB 2419 - HB 2796

February 14, 2004

SUMMARY OF BILL: Imposes a state excise tax on controlled substances illegally possessed and illicit alcoholic beverages illegally possessed. The Commissioner of Revenue would administer this tax and prescribe the forms, stamps, and procedures for the collection of the tax and imposing penalties. Dealers shall report the taxes payable at the time and in the form prescribed by the commissioner. Law enforcement officers would report to the Department of Revenue within 48 hours after seizing an unauthorized substance upon which a tax stamp is not affixed. Seventy-five percent of the tax collected on substances seized by law enforcement would be remitted to the state or local law enforcement agency that seized the substances. The remaining 25 % of the proceeds from the tax collected would be credited to the state general fund. Information obtained pursuant to a dealer voluntarily paying the tax may not be disclosed or, unless obtained independently, used in criminal prosecution for the possession of the illegal substances. A person disclosing such information commits a Class A misdemeanor.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - Exceeds \$150,000 One-Time
Exceeds \$300,000 Recurring**

**Increase State Revenues - Exceeds \$600,000 Earmarked TBI
\$1,000,000 General Fund**

**Increase Local Govt. Revenues - Exceeds \$2,000,000 Earmarked Local Law Enforcement
Increase Local Govt. Expenditures - Not Significant**

Estimate assumes:

- One-time and recurring state expenditures for computer systems changes and additional personnel and related costs required by Department of Revenue for administration of the bill.
- Collections of revenues are based upon drug arrests and value of drug seizures by the TBI and local law enforcement agencies.
- A 10 % collection rate of applicable tax on illegal substances possessed.
- Collections of this tax will not impact cash and other valuables seized by law enforcement agencies involved in arrests.
- Impact on local governments from misdemeanor convictions for disclosure of information is estimated to be not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director